

The Grain Grower and Reciprocity

The demand of the farmers for reciprocity was put forward by the monster delegation at Ottawa on December 16, in a memorial presented and read by D. W. McCuaig, chairman of the Manitoba Government Elevator Commission, and president of the Canadian Council of Agriculture. Mr. McCuaig in presenting it said (page 38 official report 113-1911): "I may say it is the most important of all the requests we have made of you today."

"1. That we strongly favor reciprocal free trade between Canada and the United States in all horticultural, agricultural and animal products, spraying materials, fertilizers, illuminating, fuel and lubricating oils, cement, fish and lumber.

"2 Reciprocal free trade between the two countries in all agricultural implements, machinery, vehicles, and parts of these; and in the event of a favorable arrangement being reached, it be carried into effect through the independent action of the respective governments, rather than by the hard and fast requirements of a treaty."

In support of the memorial a paper was read by J. W. Scallion, of Virden, Manitoba, Honorary President of the Manitoba Grain Growers' Association. In his remarks Mr. Scallion, after dealing with the evils of protection from the western farmers' point of view, proceeded to show that "during the fiscal year ending March 31, 1910, markets had to be found in foreign countries for \$115,000,000 worth of the produce of our farms."

The official report of Mr. Scallion's remarks continues:

"No trade arrangements which the Canadian government could enter into with any country would meet with greater favor or stronger support from the farmers of this country, than a wide measure of reciprocal trade with the United States. Such a trade arrangement, including manufactured articles, and the natural products of both countries, would give the producers a wider and more profitable market in which to sell a great deal of their produce. The delegation representing the agricultural interests of Canada, strongly urges our government to meet the United States half way, and secure as large a measure of reciprocal trade in manufactured articles and the natural products of both countries as possible."

Not the First Demand.

It is being represented by anti-reciprocity speakers in this campaign that the farmers' delegation at Ottawa, and such well known Conservatives as

Messrs. McCuaig and Scallion, were induced to ask the government for reciprocity in order to help the government in a policy already decided upon. W. H. Sharpe, ex-M.P. for Lisgar, on May 1, declared in the House of Commons that the farmers had never asked for reciprocity until December when they were at Ottawa. This statement was repeated on May 2 by Dr. Schaffner, of Souris. The facts are very different.

Sir Wilfrid Laurier on his western tour in the summer of 1910 was interviewed at Brandon on July 18 by 250 delegates of the farmers' associations. In the course of an address from Mr. Scallion on that occasion that gentleman used almost the identical words he used at Ottawa in favor of reciprocity, and said:

"Such a trade arrangement would give the Canadian farmers, especially the Western farmers, a larger and better market in which to sell, and a cheaper market in which to buy. This statement can be verified by a comparison of prices in both countries for some years back. The prices for grain and live stock, under normal conditions, are much higher in the markets over the line than on this side, and many articles of prime necessity on western farms can be produced in the United States much cheaper than in Canada."

At Weyburn an address was presented to Sir Wilfrid by the farmers, in which, after stating that they admired him when he stepped back after earnest efforts and said the next proposal for reciprocity must come from the United States, they pointed out that President Taft now appeared to be in favor of closer trade relations, "and we hope the government will be able to secure for us the advantages of this valuable market."

The above quotations show conclusively that the government in entering into a reciprocal trade agreement with the United States, and doing so in this form, instead of a treaty, acted entirely at the request and in the interests of the farmers of Canada.

Why Did the Farmers Want Reciprocity?

An attempt has been made by opponents of reciprocity to show that farmers should be satisfied with the British market for their produce. The fallacy of this argument can be easily shown by official records of wheat importations into Great Britain. The London (England) Chamber of Commerce Journal for July, 1911, published a special supplement showing the

British food imports during 1910. From this the following figures are taken. The English figures are given in cwt. of 112 lbs. each, and the money in sterling. The figures have been changed to those more familiar to Canadians by allowing 60 lbs. of wheat to the bushel, and \$4.86 for the pound sterling, so as to bring the figures to those in use on this side.

According to the statement and tables published by the London Chamber of Commerce the figures for 1910 were, as follows:

Total imports of wheat into Great Britain, 196,415,590 bushels.

Total imports from British Dominions, 89,816,790 bushels.

Total imports from Canada only, 30,705,173 bushels.

The total price paid in 1910 for Canadian wheat was £7,059,659 (\$34,309,942.74), or an average for the year of \$1.12 per bushel.

In this connection it was pointed out in a pamphlet on government ownership of elevators published by the Grain Growers' Association in 1909 that it was possible under present conditions and it had actually happened, that the milling and other interests could depress the price in Great Britain to the disadvantage of the Canadian farmer. Says this pamphlet:

"It is not too much to say that, what is known as the grain trade of Western Canada is dominated by the large milling firms that operate in the west, and this factor of the trade, in conjunction with the speculative element has been successfully exercising its influence for the last three years in depressing the export price of our wheat." "We need not dwell on the methods adopted to gain that end, only to point out a few facts to indicate how this year they succeeded only too well in making a price for our wheat that enabled the large milling firms to secure their raw product from 10 to 12 cents per bushel less than they would have done were the trade left to the general law of supply and demand."

Instances are then quoted where Manitoba hard wheat, which usually commands a premium over any other grain imported in the British market, lost 2-5 cents per bushel and Australian gained 5 cents a bushel in the same time making a relative difference of 13-2-5 cents per bushel.

"The same thing," says this pamphlet of 1909, "occurred during the crop season of 1906. Manitoba No. 1 Northern in August of that year commanded a premium of three or four cents over any other wheat on the Liverpool market. It fell to fourth place before December and was back again to its normal place in May."

Considering that the wheat production of Canada in 1909 was 166,744,000

bushels; that in 1910 it was 149,990,000 bushels and this year it is expected the three western provinces will alone raise 200,000,000 bushels, while very conservative estimates place the annual wheat production of the west at the end of the next ten years at 1,000,000,000 bushels, the inadequacy of the British market with its total imports of only 196,415,590 bushels, of which only 30,700,000 bushels was derived from Canada, is perfectly plain.

Great Britain takes more wheat from India than from Canada, and it is a well-known fact that the best grades of Canadian wheat are not sought for on the British market. No. 3 Northern being preferred. This accounts for the low average of \$1.12 at Liverpool in 1910 for Canadian wheat.

United States Market and Prices.

It is evident that reciprocity, or no reciprocity, a new market has to be found for our wheat. To the south of us lies a population of 93,402,151 people against the 45,365,599 in Great Britain.

In spite of a duty of 25 cents on every bushel of wheat from Canada going into the United States, we sold to United States buyers in 1910 1,856,181 bushels of wheat and in spite of a duty of \$1.20 a barrel we sent them 126,155 barrels of wheaten flour.

These prohibitive duties, however, have kept our farmers from taking advantage of the prices across the line. Some idea of the value to the Canadian farmer of the American market may be obtained by the table given below.

It is a well known fact to Canadian farmers who live close to the line that for several years past American prices for wheat have ranged from five cents to fifteen cents per bushel higher on the American side. This received striking confirmation from a recent letter of H. W. Harvey, the well known Conservative and manager of the Rapid City Milling Co., Ltd., who on August 8, writing to the Conservative organization in Winnipeg, said:

"There is one thing we are going to have some difficulty in explaining to the farmers, that is, at this present date, our May wheat in Winnipeg is selling for \$1.02½ cents, and May wheat in Minneapolis is selling for \$1.09½ cents. This is about seven cents per bushel more than in Winnipeg. Now, it is a well known fact to the farmers here, that Minneapolis flour is sold in England in competition with ours. WHY is it that wheat milled to the south of us to ship to England is worth seven cents per bushel more than it is on this side the boundary? This is a hard proposition for us to get over."

D. D. Patterson, of Sidney, Man., writing the Free Press on April 14 says: "Mr. Snider, our local miller, has put

the whole matter in a nutshell and knocked the nail on the head by sending a sample of No. 3 graded wheat in Winnipeg to Minneapolis and there graded No. 1, which would mean at the very least 12 cents a bushel more to us, or \$120 a car."

The Pioneer Express of Pembina,

North Dakota, in fighting reciprocity from the American farmer's point of view, gave the following table of prices of towns adjoining or on the same railway lines opposite each other on the boundary line. The figures given are for specific dates, but almost any date would give the same results:

MANITOBA

	Dec. 31 1910	Jan. 10 1911
Emerson	81c	82c
Gretna	81c	81c
Haskett	79c	82c
Snowflake	77c	
Crystal City	76c	
Cartwright	79c	
Boissevain	80c	
Lyleton	78c	
North Portal	75c	
Estevan	74c	
Waskada	77c	

NORTH DAKOTA

	Dec. 31 1910	Jan. 10 1911
Pembina	91c	97c
Neché	91c	96c
Walhalla	91c	97c
Hannah	90c	
Sarles	89c	
Hansboro	90c	
St. John	90c	
Antler	91c	
Portal	86c	
Kermit	88c	
Souris	93c	

Statements and Facts in Congressional and Senate Records of United States

In the hearings of the Committee on Finance of the United States Senate a strong plea against reciprocity was presented by W. H. Lyon, of Sioux Falls, South Dakota, an attorney, on behalf of the farmers of the United States. At page 999 there appears in his evidence the following:

"For more than five years past the price of Northern wheat at Minneapolis has averaged from five to fifteen cents per bushel more than at Winnipeg. The price at Winnipeg, as you all know, is based upon delivery at Fort William port. From July 10, 1909, to January 28, 1911, the price of Northern wheat at Minneapolis averaged 10½ cents more per bushel than at Winnipeg. The expense of shipment from Minneapolis to Duluth is approximately 1½ cents per bushel, thus making a difference of about 12 cents per bushel between the prices at Duluth and Fort William on opposite sides of the international line at the head of Lake Superior, and with equal freight rates to Liverpool. Can anything show more clearly that the price of our wheat is not determined by the Liverpool market. Not only that, but the Winnipeg grade is higher and the weight 2 pounds greater per bushel, and by reason of its better quality and higher grade the Winnipeg wheat sells at from 3 to 5 cents per bushel higher than our Northern wheat whenever they meet in the same market. There was therefore an average actual difference in the price of wheat for the 18 months immediately preceding the negotiation of this agreement of more than 15 cents a bushel in favor of the American farmer."

The report of the Tariff Board of the United States which accompanied President Taft's message in response to a Senate Resolution of February 23, 1911, sets out in detail the difference

between Winnipeg prices and those of Minneapolis, Kansas City and Chicago for four periods of each of the six last years showing that in almost every case there was a largely increased price in the United States markets. From table 11 it appears that in the six years the price of wheat in Minneapolis ranged from 1½ cents below to 17½ cents above Winnipeg. The Winnipeg price rose above the Minneapolis price twice. Of the Minneapolis prices one half were less and one half more than 6 cents above the Winnipeg prices. This is not allowing for the difference in grade and weight already referred to which would increase the Minneapolis prices. Price of wheat in Kansas City ranged from 12 cents below to 11½ cents above Winnipeg prices. Prices of wheat in Chicago ranged from 1½ cents to 25½ cents above Winnipeg prices in the same period (1905-1910.)

In table 14 of the same return the monthly figures in Minneapolis and Winnipeg are given from January 1905 to November 1910, a period of 71 months during which Minneapolis prices were higher 65 times and the Winnipeg prices higher 6 times.

Oats.

The oat crop of the United States in 1910, with its population of 93,402,151 people, was 1,126,765,000 bushels, the average yield being 31.9 bushels per acre. Canada's crop, with 8,000,000 people, was 323,449,000 bushels, or an average of 33.79 bushels per acre. The average farm price per bushel in the States in 1910 was 34 cents per bushel. In Canada 35 4-10 cents per bushel, but the Canadian bushel is 34 pounds as against 32 pounds in the United States which gives the Canadian farmer selling oats in the States an extra bushel of clear profit in every 17 bushels. Canada's place in the world's oat production is fifth. We exported in 1909 to the United States, in spite of a duty

of 15 cents a bushel, 1,554,251 bushels of oats. In 1910 we exported 1,285,660 bushels, paying the same duty. The saving of 15 cents a-bushel thus means a great deal to the Canadian farmer as in the case of oats the prices on both sides the line are so nearly equal that the exporter loses the duty.

Barley Offers Large Profit.

When we come to the question of barley, however, like wheat it promises a large profit to the Canadian farmer under reciprocity. The present duty imposed by the United States on our barley is 30 cents a bushel, and our total exports to the United States in the face of this prohibitive duty amounted to 624,480 bushels in the last three years. On the other hand to Great Britain where there is no duty we exported in the same period nearly five million bushels of malting barley.

Turning to the market prices for 1909 the Chicago price ranged from 1 cent to 46 cents above the Winnipeg price per bushel. Half of this time the difference was above 13 cents, and half of the time below 13. During the same period the Minneapolis and Milwaukee price ranged from 5½ cents below to 23½ cents above the Toronto price.

For the year 1909 the average price for the same dates in Winnipeg and Chicago were:

	Winnipeg.	Chicago
January	49	62½
April	57½	65
July	58	75
October	45½	60½

The above facts and figures are taken from the U.S. Tariff Board.

Turning to our Canadian records we find that whereas from 1876 to 1892 under a low tariff we exported to the States 135,279,351 bushels of barley for which we received \$90,323,453, in the seventeen years following under the high tariff our exports of barley to the States went down to a total of only 6,979,826 bushels valued at \$2,908,171, or a loss of \$87,415,282.

Barley will enter the United States free under reciprocity and Manitoba which is one of the chief barley growing provinces at present in Canada, with the two other Western Provinces will be able to grow a large and profitable crop of malting barley saving the 30 cents a bushel duty. The United States malsters prefer Canadian barley which is the finest in the world they say for their purpose. In an effort to lead farmers to ignore the undoubted advantages of securing a free market for barley in the United States, certain anti-reciprocity speakers are declaring that Western Canada cannot raise malting barley. Such a statement is absolutely untrue and a libel on this Western country. At page 99 of the United States Tariff Board report already referred to it is stated;

"Next to Ontario in importance as a barley producing province, comes Manitoba, but for a number of years barley production in Manitoba has been practically stationary. Since 1905 some barley has been grown in the region farther to the West, Saskatchewan, Alberta, etc. The production of barley in this region is not of very great importance. The soil and climate of Western Canada are so favorable that its barley is sold at a premium in English markets, but UNDER PRESENT CONDITIONS greater profit is apparently found in other crops."

As to whether or not there is a market in the United States for Canadian barley, the following extract from the Report (page 100) is illuminative: "In most of our (U.S.) barley producing regions there has been an apparent decline in the quality of the barley raised as a larger and larger proportion has been fit only for feed." And at page 103 it is stated: "The shortage of malting barley has become more and more pronounced every year and prices have steadily advanced." In conclusion it is not necessary to tell a Western farmer of the value of barley as a crop in any scheme of rotation of crops. But having no market for barley now he does not find it profitable to use it even as a rotating crop.

Flax Another Reciprocity Crop.

Flax is another crop which Western Canadian farmers will be able to produce at a profit under reciprocity. The present duty on flax in the United States averages about 25c. per bushel.

In 1910 the United States produced 14,116,000 bushels of flaxseed the average price of which was from \$2.10 per bushel in Kansas to \$2.40 in Montana. In Canada only 3,802,000 bushels were produced the price varying from \$1.87 in Alberta to \$2.08 in Saskatchewan.

In 1910 Canada exported 1,774,096 bushels of flaxseed to United States ports and paid a duty of 25 cents a bushel which had to be deducted from the price received by the Canadian grower.

Frank Moffat of Weyburn states that he lost \$500 by reason of the duty he paid on his 2,000 bushel crop of last year.

Owing to a mistake by a clerk who compiled a return to the House of Commons and mistook flaxseed for flaxstraw, Mr. Staples, the ex-M.P. for Macdonald made the statement that not a bushel of flax had been exported to the United States in 1910.

The duty paid the United States by Canadian farmers in 1910 on flaxseed was \$443,500. Saskatchewan alone grew 3,400,000 bushels of flax in 1910, and most of this duty was therefore paid by the Saskatchewan growers.